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Supreme Court, U.S.
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No. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

THE CAMBRIDGE WIRE CLOTH COMPANY,
Petitioner,

v.

THE LAITRAM CORPORATION and INTRALOX, INC.,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Did the U.S. Court of Appeals for the Federal Circuit exceed the bounds of its authority under Fed. R. Civ. P. 52(a) by disregarding the clearly erroneous standard for review of the district court's factual determinations, failing to give due regard to the trial court's opportunity to judge the credibility of the witnesses, improperly engaging in *de novo* fact finding and substituting its own findings of fact for those found by the district court?*

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*This question should be considered in the patent context of this case and is thus of particular importance since the Federal Circuit is the sole appellate interpreter of the entire body of patent cases. The Federal Circuit's departure from the accepted standards of judicial review could set a precedent effectively changing the standard of review in patent cases.

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Opinion Below

The opinion of the Court of Appeals for the Federal Circuit (appendix, 1a-51a) is reported at 863 F.2d 855 (Fed. Cir. 1988). The decision of the U.S. Court of Appeals for the Federal Circuit denying Petitioner's petition for rehearing (appendix, 53a-54a) is unreported. The decision of the United States Court of Appeals for the Federal

Circuit denying Petitioner's suggestion for a rehearing in banc (appendix, 55a) is unreported. The District Court opinion (appendix, 56a-87a) is reported at 6 U.S.P.Q.2d 1778 (D. Md. 1987).

Jurisdiction

The opinion and judgment of the United States Court of Appeals for the Federal Circuit was entered on December 12, 1988 (issued as mandate, Fedruary 1, 1989).

The decision of the United States Court of Appeals for the Federal Circuit denying Petitioner's request for rehearing was filed on January 25, 1989.

The decision of the United States Court of Appeals for the Federal Circuit denying Petitioner's suggestion for rehearing in banc was filed on February 9, 1989.

This Petition is filed within 60 days from the date that the decision denying the petition for rehearing was entered.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

Statutes and Rules Involved

This Petition derives from the trial court's finding of non-infringement under 35 U.S.C. § 271 (appendix, 88a-89a) in connection with Respondent's suit for patent infringement and charge of contempt. The Court of Appeals for the Federal Circuit reversed the finding of non-infringement and remanded the case to the District Court to determine the issue of contempt. In so doing, the Court of Appeals for the Federal Circuit did not apply or follow the standards of Fed. R. Civ. P. 52(a) (appendix, 90a-91a) which require that the findings of fact of a district court not be set aside unless

they are found to be clearly erroneous and that due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses.

STATEMENT OF THE CASE

Introduction

The distinct roles of the United States courts of appeal and of the United States district courts are fundamental and important concepts in American jurisprudence. Assuring the proper bounds and responsibilities of the courts is essential to the concept of fair play and substantial justice for litigants. Fed. R. Civ. P. 52(a) clearly delineates the proper bounds of appellate review of a district court decision, specifically mentioning the deference which must be paid to the finder of fact and stating that the facts as found by a district court should not be set aside unless

clearly erroneous. The consequence of the Federal Circuit's failure to follow the standards of Fed. R. Civ. P. 52(a) is of particular concern in view of the Federal Circuit's unique jurisdictional role as the sole appellate interpreter of all cases arising under the patent laws. 28 U.S.C. § 1295. If the Federal Circuit's decision is allowed to stand, such will act as precedent for and actually create a substantially different standard of appellate review for cases within the Federal Circuit's jurisdiction as distinguished from all other types of cases. Such was not the intent of Congress in creating the Court of Appeals for the Federal Circuit. House Report No. 97-312, 97th Cong., 1st Session (1981) (appendix, 92a-98a), states that patent cases are to be reviewed in the same manner as with other appeals. The

Fed. R. Civ. P. 52(a) standard of appellate review explained by this Court in *Anderson v. City of Bessemer City, North Carolina*, 470 U.S. 564, 574 (1985), have not been followed by the Federal Circuit. In *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986), this Court reversed the Federal Circuit for its failure to follow Fed. R. Civ. P. 52(a). In the present case, the Federal Circuit set aside the facts as found by the United States District Court for the District of Maryland, without application of the clearly erroneous standard of Fed. R. Civ. P. 52(a). The Court of Appeals engaged in *de novo* fact finding, choosing between conflicting facts, and making its own credibility determinations. In so doing, the Federal Circuit has not only decided a federal question in conflict with its own precedents and the decisions

of this Court, it has so departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

Background

An understanding of the background of this matter is essential to an understanding of the clear error committed by the Federal Circuit. The parties, Cambridge Wire Cloth Company ("CWC")[1] and The Laitram Corporation and Intralox, Inc. (collectively "Laitram"), are competitors in the manufacture and sale of conveyor belting. They have a lengthy litigation history with which the District Court for the District of Maryland is intimately familiar.

In 1983, Laitram initiated a law suit against CWC alleging infringement of four

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[1]CWC has no parent companies, subsidiaries or affiliates.

U.S. patents, U.S. Patent Nos. 3,870,141 ("the '141 patent"), 4,051,949 ("the '949 patent"), Re.30,341 ("the '341 patent"), and 4,159,763 ("the '763 patent"). After a nine-day trial ("the 1985 trial") Judge Smalkin[2] held that all four patents were valid and infringed and awarded Laitram damages and injunctive relief ("the 1985 decision"). The 1985 decision was based on the opinions of experts, consideration of conflicting evidence, and, most importantly, the testimony of the inventor as to what he considered to be his inventions.

The 1985 decision was upheld on appeal to the Federal Circuit which found no legal or factual error by the trial

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[2]At the time of the 1985 trial, Judge Smalkin was a Magistrate. He has heard all of the parties' several proceedings below and is, therefore, uniquely familiar with the parties and the facts in dispute.

court. CWC petitioned for certiorari and such was denied.

After careful study of the 1985 decision and in reliance on the holdings therein, CWC carefully undertook to redesign the infringing device (known as CAM-CLEAN I) and produced a new module known as CAM-CLEAN II, which CWC believed avoided Laitram's patents as interpreted in the 1985 decision. In early 1986, CWC moved the trial court (Judge Smalkin) to modify the injunction which resulted from the 1985 decision so as to exclude CAM-CLEAN II. Judge Smalkin denied the motion and indicated that CWC was free to bring a separate action for declaratory judgment. In early November 1986, CWC instituted a suit for declaratory judgment that its CAM-CLEAN II did not infringe. Laitram moved to dismiss on the basis that it had not threatened CWC

with an infringement action on CAM-CLEAN II and Judge Smalkin granted Laitram's motion.

After CWC began to manufacture CAM-CLEAN II, Laitram filed a new lawsuit alleging patent infringement and requesting a preliminary injunction ("the 1987 lawsuit").[3] The case was tried before Judge Smalkin who by then was intimately familiar with the facts, having been involved with the continuum of the dealings between CWC and Laitram from the first trial, through CWC's attempt to have the injunction modified, to CWC's attempt to obtain declaratory relief, to the eventual charge of infringement of CAM-CLEAN II. The

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[3]The 1987 lawsuit involved three of the four patents of the 1985 trial, namely, the '141 patent, the '949 patent and the '341 patent. Federal jurisdiction was based on 28 U.S.C. § 1338.

essential question addressed by Judge Smalkin was whether Laitram had proved that CWC's redesigned CAM-CLEAN II infringed the three patents. After hearing testimony from CWC's and Laitram's expert witnesses, reviewing critical evidence of test results, studying numerous exhibits, considering the inventor's 1985 testimony[4] and his own prior opinion in the 1985 decision, Judge Smalkin held that Laitram failed to carry its burden of proof. Notwithstanding the trial court's unique familiarity with the facts of the case, the trial court's interpretation of and reliance upon the inventor's prior

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[4]Laitram did not call the inventor as a witness at the 1987 trial, since the position that Laitram was taking was completely at odds with the inventor's previous testimony. Judge Smalkin was so surprised by this that he openly expressed his incredulity as to Laitram's shift in position.

testimony, its weighing of the experts' evidence and credibility, its clear understanding of the issues and facts from prior testimony in the 1985 trial, and notwithstanding the fact that it is a well-established principle that infringement is a question of fact, the Court of Appeals for the Federal Circuit reversed the findings of the trial court. In so doing, the Federal Circuit disregarded the trial court's findings of fact, disregarded the inventor's prior testimony, made its own findings of fact and its own determinations of credibility and probative value of evidence.

Nowhere in the Federal Circuit's decision is Fed. R. Civ. P. 52(a) mentioned. While the Federal Circuit held that the ultimate finding of non-infringement (as to the '141 patent and by implication the '949 patent) was

clearly erroneous, (appendix, 11a), the clearly erroneous standard was never applied to the factual determinations of the district court. Rather, the Federal Circuit replaced the factual determinations of the district court with its own. Similarly, while the Federal Circuit purports to rest its decision on errors of law and purports to accept the basic facts found by the district court, (appendix, 8a, 14a, 46a), it is clear that the Court did not base its decision on errors of law and did not accept the facts decided below. Rather, the Federal Circuit sifted through the evidence, decided between conflicting facts of record, and improperly disregarded the trial court's opportunity to judge the credibility of the witnesses and the probative value of test results. Instead of accepting the facts as determined

below, the Federal Circuit substituted its own findings of facts for those of the district court.

REASONS FOR GRANTING THE WRIT

This Petition involves issues of great consequence to the proper administration of justice by the courts of the United States. In particular, the integrity of the proper standard of review in patent cases is at stake. These issues transcend the particular commercial controversies between the parties and highlight the injustice which results when an appellate court usurps the role of a trial court. In this case, the Federal Circuit disregarded the mandate of Fed. R. Civ. P. 52(a), the clear precedent of the Supreme Court, and its own precedent. This Petition not only raises the important issue of whether the Federal Circuit failed to follow such

precedents, it raises a broader issue of perhaps greater consequence, namely, whether the standards of review of patent cases (here, a finding of non-infringement) should be different than those applied in other types of cases. It is submitted that the Federal Circuit should be required to follow the established standards of judicial review. The Federal Circuit's departure from the accepted and usual course of judicial proceedings is surprisingly clear, as will be evident from the following discussion.

The Federal Circuit's Findings of Fact: The '341 Patent

The Court of Appeals' error with regard to the '341 patent is apparent. The question before the trial court was whether CWC's sale of CAM-CLEAN II with a circular shaft with keyways constituted

contributory infringement of claim 1 of the '341 patent under the doctrine of equivalents. The claim is reproduced in the Federal Circuit opinion at appendix, 31a.

A district court's determination of patent infringement is a question of fact. *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1569 (Fed. Cir. 1983). Determining infringement under the doctrine of equivalents is also a question of fact. *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 609 (1950).

> Proof can be made in any form: through testimony of experts or others versed in the technology; by documents, including texts and treatises; and, of course, by the disclosures of the prior art. Like any other issue of fact, final determination requires a balancing of credibility, persuasiveness and weight of evidence. It is to be decided by the trial

> court and that court's decision, under general principles of appellate review, should not be disturbed unless clearly erroneous. Particularly is this so in a field where so much depends upon familiarity with specific scientific problems and principles not usually contained in the general storehouse of knowledge and experience.

339 U.S. at 609-610. Under the doctrine of equivalents, a factual determination is made as to whether a particular device, while not encompassed by literally on the patent claims, "performs substantially the same function in substantially the same way to obtain the same result." 339 U.S. at 608.

The critical claim language of the '341 patent concerned the claim to a shaft which, inter alia, was "substantially uniform in cross section and non-circular." The question before the trial court was where the circular

shaft with keyways of CAM-CLEAN II infringed the claim of the '341 patent under the doctrine of equivalents. The trial court's consideration of the proper application of the doctrine of equivalents, was facilitated by the inventor's own testimony in the 1985 trial as to what his invention was and why such was patentable. In the 1985 trial, the trial court considered the question of whether the '341 patent was valid in view of certain prior art. In attempting to distinguish the prior art and advise the trial court as to why his invention was patentable, the inventor distinguished his invention from the very device which CWC used in its CAM-CLEAN II, namely, a circular shaft with keyways.[5] Notwithstanding the inventor's

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[5]CWC had been using a circular shaft with keyways at the time of the 1985 trial and such was not even accused of infringement at that

testimony to the contrary in the 1985 trial, in the 1987 lawsuit Laitram attempted to assert that the '341 patent did cover a circular shaft with keyways. Judge Smalkin was so shocked at this change in position that he commented at trial, "didn't he [the inventor, Mr. Lapeyre] come in [to the 1985 trial] and say that [the idea of the '341 patent was to get away from keys] or was I hallucinating ...." Judge Smalkin, who had heard the inventor in the prior trial, was not going to ignore such a blatant change in position and such formed the basis of his holding that CAM-CLEAN II did not infringe. The trial court could not have been more clear, noting that its holding was

> consistent with Mr. Lapeyre's testimony [in the 1985 trial]

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time, obviously because Laitram and the inventor did not believe that it infringed.

> and I find that a round shaft with keys is essentially a circular shaft. It is not a noncircular shaft, as that is used in 341, as the inventor himself views what is a circular and non-circular shaft; and I think that the resolution of this is clear and the inventiveness in 341 was putting together the square shaft or other regular polygonal shaft, which gives you a very positive drive mechanism....

Continuing, the court noted:

> I think that it would be a result that would be inequitable and not in conformity with the evidence that has already been laid before the Court and therefore would not be a sustainable result for me to say now, that, oh, yes, well, the circular shaft with keys is the functional equivalent of a square shaft and therefore the circular shaft with keys infringes. That would be an inequitable result and one that is not allowed, given the fact that I think it is fair to estop the Plaintiff from adopting that position in light of the history of the 3126 [1985]

> case, the testimony of Mr. Lapeyre in that case, and my findings with regard to this issue.

In fact, the trial court pointed to a particular page in the testimony in the 1985 trial as an example of estoppel which limited the scope of application of the doctrine of equivalents (citing page 59 of the transcript in the 1985 trial). Notwithstanding the trial court's findings of fact based on its knowledge and intimate familiarity with the testimony and facts presented to it in both the 1987 lawsuit and 1985 trial, the Court of Appeals rejected the District Court's finding as to the meaning of the inventor's testimony. Clearly, there was a difference between the Court of Appeals' interpretation as to what the inventor was referring to in his testimony and that of the trial court

which actually heard the testimony. The trial court found that in his prior testimony (at page 59 of the transcript) the inventor had explained the nature of his invention and why such was patentable over the very device, i.e., a round shaft with keys, which was accused in the 1987 lawsuit. The Court of Appeals, on the other hand, found as a fact that the inventor's testimony dealt only with the inventor's reasons for selecting a square shaft and square bore sprockets, as a preferred, commercial embodiment rather than dealing with defining his invention. The difference in interpretation of the inventor's testimony was critical to the different results reached by the trial court and the Court of Appeals. The trial court was in the best position to know the proper interpretation as it had heard the entire testimony and knew the

context of such testimony. Quite simply, the Court of Appeals did not hear the entire trial testimony of the inventor and was therefore not in a position to properly interpret the testimony appearing on page 59. This is the function of the trial court and the trial court correctly carried out that function. Even if one were to argue that the testimony may subject to two permissible interpretations, in such instances the fact finder's choice between them cannot be clearly erroneous. *Anderson v. City of Bessemer City, North Carolina*, 470 U.S. 564, 574 (1985). The Court of Appeals' departure from the usual course of judicial conduct is made clear in its holding,

> If the inventor had led the Court to sustain claim 1 of the patent in the first trial on the basis that claim 1 must be limited to

> noncircular shafts that are square or otherwise polygonal in cross section, a judicial estoppel might have precluded any change from that position.... As above indicated, however, we can find no indication in the record that that is what happened, or could have happened, here.

Appendix, 47a-48a (Emphasis original). This holding by the Federal Circuit is inconsistent with the facts found by Judge Smalkin in which he clearly articulated that the inventor did lead him to believe that claim 1 did not include circular shafts with keyways and therefore did not infringe. His finding was based on his interpretation and weighing of the facts. The trial court's factual determination should have been, but was not, judged against the clearly erroneous standard of Fed. R. Civ. P. 52(a). The Court of Appeals committed clear error in not following the proper

standard and has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

The Federal Circuit's Findings of Fact: The '141 and '949 Patents[6]

As with the '341 patent, the trial court was faced with a factual determination as to whether CAM-CLEAN II infringed the '141 patent under the doctrine of equivalents, i.e., did it perform substantially the same function in substantially the same way to obtain the same result. The claim at issue is reproduced at appendix 8a-9a.

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[6]The Federal Circuit's findings and error with respect to the '949 patent were dependent upon its findings with respect to the '141 patent and therefore only a discussion of the Federal Circuit's error with respect to the '141 patent is required for purposes of this Petition (appendix, 28a-31a).

The key issue in determining whether there was infringement of the '141 patent centered on whether the link ends of the accused device were spaced apart "by a distance slightly greater than the width." The issue required a factual determination of whether or not interfitting link ends of a modular conveyor in which the modules are held together with a pivot rod were of a thickness "slightly greater" than the spacing between the link ends. The term "slightly greater" was interpreted in terms of its purpose, i.e., spacing that would "minimize bending and maximize shear" (appendix, 12a).

The trial court focused on the question of whether CAM-CLEAN II infringed under the doctrine of equivalents. First, the trial court was clearly impressed with the differences

between the accused and patented devices (the court found that the spacing of 135% could not be considered to be "slightly greater" as described in the patent) (appendix, 78a-80a). These differences formed a basis for a finding of non-infringement under the doctrine of equivalents (appendix, 83a). A factual determination that the distance was more than "slightly greater" was a determination that the accused device did not operate "substantially in the same way" as the device in the patent, i.e., its operation did not rely on a distance which was "slightly greater." Secondly, the trial court considered whether the accused device performed substantially the same function to obtain the same result as that described in the patent. In so doing, the trial court found <u>as a fact</u> that the accused device did not

minimize bending and maximize shear which was the intended function and result of the patented device.

While the Court of Appeals infers that the district court did not properly focus on the issue of infringement under the doctrine of equivalents, it is clear from the trial court's entire opinion that it was primarily concerned with the doctrine of equivalents (appendix, 77a).

There can be no doubt as to the trial court's inquiry. Referring to the inventor's testimony, the trial court stated,

> the more shear you have; and the shear resistance is more efficient than bending resistance and is what you want to maximize strength.
>
> This is what he said at the [1985] trial and this is what I relied upon to say that what he had was, A, patentable over the prior art and B, that the Cam-Clean [I] product that was then extant

> infringed the patent; and the point there was to minimize the bending forces, to maximize the shear and to have as little exposed rod as possible. And this in my judgment is what allowed there to be infringement by equivalence even though there was not necessarily literal infringement in the first claim patent [in the 1985 trial].

Appendix, 74a-75a.

The trial court's finding of fact is clear as to whether the accused device functioned in the same way to achieve the same result as the device described in the patent. The trial court heard testimony from both Laitram's and CWC's expert and other witnesses and, after hearing such testimony and having an opportunity to weigh the credibility of the witnesses, the trial court properly believed CWC's witness that the tests conducted on the devices were probative to show that the accused device did not

minimize bending or maximize shear. This was a finding of fact of the trial court which led to its decision.

The trial court stated,

> To me the telling proof is made up in two ways. Number one, the tests, in my opinion -- although the difference is admittedly small at working loads, at the higher loads, where you test to ascertain true strength of the material -- in my judgment, the tests show that the Cam-Clean II is less resistant to the bending and elongation forces than the original Cam-Clean; but that is not really the most important question.
>
> The most important question is, what is the spacing of the redesign Cam-Clean relative to the width of the link ends? Therefore, I had Dr. Butler measure or mike [sic, mic] the link ends of the Cam-Clean II; and he ascertained that expressing the spacing as percentage of the link end width it came to 135.85 percent. That is, there is a 35 percent greater spacing than the width of the link end.

Appendix, 78a-79a.

The trial court went on to indicate that the inventor himself stated in the first trial that the lack of spacing was what made his invention patentable and what made the CAM-CLEAN product infringe. The trial court stated:

> Mr. Lapeyre [the inventor] made a lot of that [the spacing] at the [1985] trial and said, that is the thing that makes his invention patentable and it is the thing that makes the Cam-Clean invention infringe, the original Cam-Clean infringe on his, because when you look at the shear inventing [sic, bending] forces were actually transmitted to the rod, you would find that the spacing was not significantly greater than the width of the link end itself.

Appendix, 82a.

What the trial court was saying is that in addition to the tests showing that the accused device did not operate in substantially the same way to achieve the same result as the patented

invention, i.e., to minimize bending and maximize shear, it also did not perform substantially the same function. The invention in the '141 patent performed the function of minimizing bending and maximizing shear through a spacing which was only "slightly greater." Even assuming *arguendo* that the CAM-CLEAN II device performed the same function, i.e., minimized bending and maximized shear, it could not have performed it the same way (through spacing which was slightly greater) since spacing was more than slightly greater. Such were the findings of fact of the trial court based on the inventor's prior testimony and based on the tests and expert testimony which it heard.

The Federal Circuit's error is manifested in the inconsistency of its decision. On the one hand, the Federal

Circuit stated that the district court did not apply its criterion of whether the accused device "minimized bending/maximized shear." After so stating, however, the Court of Appeals went on to criticize the very evidence which the district court did consider in determining whether the accused device minimized bending and maximized shear. As discussed above, the district court relied on tests which showed that the accused device did not minimize bending and maximize shear. After listening to testimony of witnesses on both sides, Judge Smalkin made a factual determination that the tests were probative in showing that the accused device did not minimize bending and maximize shear. The Court of Appeals, without the benefit of actually hearing the expert witnesses, found that the

tests were "non-probative." (appendix, 15a). Such a finding clearly should be based on evaluation of witness testimony and other evidence at trial.

A review of its reasons for rejecting the probative value of the tests starkly reveals the Federal Circuit's fact finding and its failure to apply the clearly erroneous standard of Fed. R. Civ. P. 52(a).

The first reason the Court of Appeals held the tests were non-probative was that they subjected CAM-CLEAN II to a force more than three times the 1500 pounds rated load for which they are warranted (appendix, 15a). This testing methodology was adequately explained in the trial court decision but such explanation was disregarded by the Court of Appeals. It was shown at trial that Laitram also tested the modules well

above the rated load. The trial court determined that the tests used higher loads to "ascertain the true strength of the material." This determination was made and credibility given the tests after the trial court had heard evidence (including expert testimony) about the types of tests conducted on the modules in issue. Two of CWC's witnesses explained in detail at the trial that it was absolutely necessary to test at higher loads and that they never tested at working loads because such tests would be meaningless. The tests are made at higher load for a number of reasons, not the least of which is to simulate "creep" of the plastic material. This was testified to at length by the engineer who assisted in designing CAM-CLEAN II and by an expert witness at the trial, Dr. Butler.

Because the Court of Appeals did not hear the testimony at either of the trials, it misinterpreted the test results presented at each and denigrated the reliability and usefulness of the tests. The trial court was well aware of the significance of the tests after it heard testimony in the second trial and had the tests explained by the expert. The trial judge heard the testimony, weighed the evidence and decided that the tests conducted for the second trial were supportive of a conclusion of noninfringement. The Court of Appeals simply dismissed this factual determination and substituted its own.

The second reason the Court of Appeals found the tests "non-probative" was that the difference in elongation was quoted as being "admittedly small" (appendix, 16a). This quote is not complete. In

fact, the evidence showed that the difference was "admittedly small at working loads" (appendix, 78a). CWC's witnesses testified that the working load is not relevant in connection with the tests.

The Court of Appeals' third objection to the tests was that there is nothing in the "slightly greater" limitation dealing with any "strength of the material" criterion (appendix, 16a). However, the whole purpose of "maximized shear/minimized bending" is to control the strength of the modules, a fact of record which the trial court clearly understood. This fact determination is crucial to a conclusion of whether or not the two devices "function in substantially the same way to achieve the same result." The nonachievement of "maximized shear/minimized bending" by

CAM-CLEAN II was a fact determined by the trial court on the basis of conflicting evidence.

The Court of Appeals' fourth reason for finding the tests non-probative was its assertion that it was irrelevant whether CAM-CLEAN II is less resistant if equivalency is met (appendix, 16a). This objection to the tests begs the issue and illustrates the Court of Appeals' total disregard for the findings of the district court. Clearly, the trial court was led to the determination that there was no infringement by the doctrine of equivalents due to the factual finding that CAM-CLEAN II was less resistant. To say that the product's lesser resistance is irrelevant overlooks the importance of factual issues in a doctrine of equivalents evaluation as set forth in *Graver Tank*.

The fifth assertion made by the Court of Appeals was that the tests did not show that the CAM-CLEAN II redesign sufficiently escaped the equivalency formulation set out in *Graver Tank*. Again, the appellate opinion on this point evaluates testimony, weighs evidence and clearly makes an impermissible *de novo* finding of the facts of the case.

Testimony at the trial showed that CAM-CLEAN II was molded with a spacing substantially greater than the functional spacing of the patented devices so that shear would not be maximized and bending would not be minimized. In the 1985 trial Laitram did not assert its "slightly greater" claims against CWC's modules having Delta clearances of 70/1000 or 112/1000 of an inch. The Delta clearance of CAM-CLEAN II is

80/1000 inches. Discounting all of these facts, the Court of Appeals credited the argument of Laitram's counsel and incorrectly stated that CWC does not dispute "Laitram's assertion that CWC shaved only 11/1000 of an inch off its link ends" (appendix, 19a). CWC did dispute Laitram's and the Federal Circuit's characterization of the significant increase in the Delta clearance of the CAM-CLEAN II as a mere shaving. The trial court found that CAM-CLEAN II is less resistant to the bending and elongation forces because of the increase in spacing. The fact that CAM-CLEAN II is significantly weaker and pays other penalties for not infringing is found in the testimony, e.g., CAM-CLEAN II was 10% weaker. Whether or not this is "significantly weaker," i.e., such that bending would not be minimized, is a

matter for determination by the trier of fact.

The Court of Appeals does not discuss these facts nor explain how these findings of fact by the lower court are clearly erroneous, as required by Fed. R. Civ. P. 52(a) and *Dennison Manufacturing Co. v. Panduit Corp.* Rather, after engaging in its own fact finding, the Court of Appeals simply stated that CWC has not shown that CAM-CLEAN II does not perform substantially the same function in substantially the same way to obtain the same result.[7]

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[7]The Federal Circuit opinion seems to indicate that it is Cambridge's burden to show that CAM-CLEAN II does not perform in "substantially the same way." This miscasts the burden of proving infringement, since the burden of showing that the trial court's findings were clearly erroneous was on Laitram, not Cambridge. *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903 (Fed. Cir. 1986).

The Court of Appeals' fact finding is obvious in the following statement:

> It is clear that a module in which the spacing was so great as to have no or very little effect in minimizing bending and maximizing shear would not accomplish the purpose attributed to the "slightly greater" limitation, but that is not this case. Nor did the district court find, as it could not on this record, that CAM-CLEAN II's spacing had a minimize bending/ maximize shear effect substantially different from that intended by the limitation, or from that of CAM-CLEAN I, or from that of Laitram's product.

Appendix, 22a-23a.

In fact, the district court did find that the spacing had an effect substantially different from that claimed in Laitram's patent. The basis for the trial court's finding of noninfringement was that the spacing was too great to fall within the limits of equivalency.

The Court of Appeals' Fact Finding and Rejection of the Facts Found by the Trial Court Is Far Beyond the Accepted and Usual Course of Judicial Proceedings

From the above, it is abundantly clear that the Court of Appeals engaged in its own fact finding and usurped the proper role of the trial court. The fact that the Court of Appeals would incorrectly interpret the facts is understandable since it did not have the vantage point of the trial court in viewing the evidence and observing the demeanor of the witnesses. This is precisely why it is universally held that the function of the Court of Appeals is quite different than that of a trial court.

The impropriety of such fact finding is well established. Fed. R. Civ. P. 52(a) states in pertinent part:

> Findings of fact, whether based on oral or documentary evidence, shall not be set

> aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses.

The Court of Appeals not only disregarded and failed to mention Fed. R. Civ. P. 52(a) in its analysis, its decision is clearly in contravention of that rule. The Supreme Court has had opportunity to define the boundaries of the clearly erroneous standard of Fed. R. Civ. P. 52(a), stating:

> This standard plainly does not entitle a reviewing court to reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently. The reviewing court oversteps the bounds of its duty under Rule 52(a) if it undertakes to duplicate the role of the lower court. "In applying the clearly erroneous standard to the findings of a district court sitting without a jury, appellate courts must constantly have in mind that the function is not to decide factual issues *de novo*."

Anderson v. City of Bessemer City, North Carolina, 470 U.S. at 573.

The clearly erroneous standard is to be applied to findings of infringement under the doctrine of equivalents since a finding of equivalents is a determination of fact. *Graver Tank*, 339 U.S. at 609 - 610.

Even where there are two permissible views of the evidence, the fact finder's choice between them cannot be clearly erroneous. *Anderson* at 470 U.S. at 574, quoting *United States v. United States Gypsum Co.*, 333 U.S. 364, 395 (1948). Further, as with any issues of fact, final determination on equivalents requires a balancing of credibility, persuasiveness and weight of evidence. 339 U.S. at 609-610. The trial court determined that CWC's CAM-CLEAN II did not infringe Laitram's '141 and '949

patents under the doctrine of equivalents. This determination was based on facts found by the trial court which showed that since CAM-CLEAN II does not maximize shear and minimize bending, it does not "function in the same way" to meet the requirements of the claims of the patents at issue.

An interpretation of a term such as "slightly greater than" which formed the basis of the inquiry in connection with the '141 and '949 patents is particularly well suited to a trial court's judgment. As stated in *SRI International v. Matsushita Electric Corporation of America*, 775 F.2d 1107, 1124 (Fed. Cir. 1985),

> The test mandated in *Graver Tank* leaves room for the fact finder's application to varying circumstances. Words like "so far," "principle," and "substantially" are not subject to rigid pre-

> definition; nor will the "principle" of a structural invention be always and immediately apparent. It is precisely the role of a trial to apply the test in light of all the live testimony and physical evidence adduced.

(Emphasis added).

The trial court further found the '341 patent not infringed because the testimony of the inventor and the position taken by Laitram at an earlier trial before the same court, clearly showed that CWC's round bore shaft with keyway did not infringe under the doctrine of equivalents.

The Federal Circuit's decision in this case was at odds not only with the clear dictates of the Supreme Court but with its own precedent as well. As stated by the Court of Appeals for the Federal Circuit in *Rolls-Royce Ltd. v. GTE*

Valeron Corp., 800 F.2d 1101 (Fed. Cir. 1986):

> [An appellate] court does not sit to reweigh the evidence presented to the district court, nor will it draw its own inferences, nor make its own fact findings. It will not reverse unless the inferences drawn and facts found by the trial court are on the full record so unsupported as to have been the result of clear error.

Rolls-Royce, 800 F.2d at 1110.

The Federal Circuit's rejection of the findings of the trial court were clearly not based on legal issues. Rather, its rejection was based on fact finding.

Recently, the Court of Appeals for the Federal Circuit had occasion to comment on this very issue, stating

> This is the eighty-fourth case in which the court has been forced, *ad nauseam*, to remind counsel that it is a court of review, i.e., that it will not find the facts *de novo*, that it is not a place for counsel to retry their

> cases, that its judges do not participate as advocates to fill gaps left by counsel at trial, and that the function of appellant's counsel in relation to the district court's findings is to show that those findings are clearly erroneous or, if correct, cannot support the district court's legal conclusion.

Fromson v. Western Litho Plate and Supply Co., 853 F.2d 1568, 1570 (Fed. Cir. 1988). The Court of Appeals for the Federal Circuit continued, noting:

> Western, in addition, seeks its fresh set of findings of fact and conclusions in frequent disregard not only of the district court's findings and conclusions, but of the underlying evidentiary support cited by the court.

853 F.2d. at 1570.

In creating the Federal Circuit, Congress focused on the proper role of the Court as a court of appeals as distinguished from a trier of fact. The intentions of Congress in creating the

Court of Appeals for the Federal Circuit are clear from the House Report. That report includes a discussion on the use of technical advisers by the old Court of Customs and Patent Appeals for appeals from the Patent Office, as compared to appeals in infringement cases in the new Federal Court of Appeals for the Federal Circuit. The report states,

> [T]o use these [technical] advisers in adversary patent infringement cases and have them review and assess the technical aspects of the evidence, as developed by the sworn testimony of witnesses and as covered by the findings of fact entered by the trial judge, is quite a different matter. It is well established that factual issues in a patent case must be tried and decided by the trial judge or a jury in precisely the same manner as such issues are tried in any other kind of a lawsuit. The technical aspects of a patent case are factual issues, and patent cases are reviewed in

> the circuit courts of appeals in the same manner as with other appeals.
>
> Thus, it is the settled practice of the circuit courts of appeals in patent cases to honor and respect Rule 52(a) F. R. Civ. P., which provides that findings of fact may not be set aside unless clearly erroneous, giving due regard to the opportunity of the trial court to judge the credibility of witnesses. The circuit courts have repeatedly held that it is not their function to pass upon or consider de novo the evidence received at the trial or to weigh controverted evidence.

H.R. 97-312, 97th Cong., 1st Sess. (1981), pp. 37-38 (appendix, 94a-96a).

Not only has the Federal Circuit departed from the clear dictates of Fed. R. Civ. P. 52(a), its own precedent, and from the precedent of the Supreme Court, it has also departed from the express intentions of Congress in creating the Federal Circuit. If the Federal

Circuit's decision is permitted to stand, such will establish a new precedent for the standards of judicial review of patent cases.

CONCLUSION

This Court should review this case because of the importance of the issue presented in reaffirming the Federal Circuit's proper role as a court of review, not a fact finding body. Given the unique role of the Federal Circuit as sole appellate decision maker for cases arising under the patent laws, a failure of the Federal Circuit to adhere to the proper standards of appellate review could effectively establish a different standard of review for patent cases as distinguished from all other cases. The result of this case has been substantial injustice, as might be expected when a court of appeals engages in fact finding

(especially where, as here, the district court had a unique position from which to ascertain the facts). For these reasons, it is respectfully requested that this Petition for Writ of Certiorari be granted.

Respectfully submitted,
this 27th day of March, 1989.

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